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HONGGUANG LIGHTING HOLDINGS COMPANY LIMITED

宏光照明控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8343)

ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of HongGuang Lighting Holdings Company Limited (the “**Company**”), together with its subsidiaries, (the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

For the nine months ended 30 September 2017

Comparing to the corresponding nine months ended 30 September 2016

- Based on the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2017 (the “**Period**”), the Group’s revenue for the Period decreased to approximately RMB77.1 million, representing a decrease of 15.3% as compared to approximately RMB91.0 million for the nine months ended 30 September 2016 (the “**Previous Period**”).
- During the Period, the Group’s gross profit decreased to approximately RMB15.2 million, representing a decrease of 15.6% as compared to approximately RMB18.0 million for the Previous Period.
- During the Period, the Group’s net profit increased to approximately RMB8.9 million, representing an increase of 154.3% as compared to approximately RMB3.5 million for the Previous Period.
- Earnings per share for the nine months ended 30 September 2017 increased by 88.9% to RMB cents 2.21 (nine months ended 30 September 2016: RMB cents 1.17).

UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

For the nine months ended 30 September 2017

The board of directors (the “**Board**”) of the Company announces the unaudited condensed consolidated third quarterly results of the Group for the nine months ended 30 September 2017, together with the comparative unaudited figures for the corresponding period in 2016, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2017

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Revenue	2	24,285	30,715	77,071	90,956
Cost of sales		<u>(20,422)</u>	<u>(26,129)</u>	<u>(61,825)</u>	<u>(72,944)</u>
Gross profit		3,863	4,586	15,246	18,012
Other income and gains	2	1	2	1,985	764
Selling and distribution expenses		(302)	(304)	(922)	(763)
Administrative expenses		(2,759)	(2,729)	(8,262)	(10,728)
Finance costs		<u>—</u>	<u>(188)</u>	<u>(143)</u>	<u>(493)</u>
Profit before income tax expense		803	1,367	7,904	6,792
Income tax credit/(expense)	3	<u>(338)</u>	<u>(463)</u>	<u>954</u>	<u>(3,291)</u>
Profit for the period attributable to owners of the Company		<u>465</u>	<u>904</u>	<u>8,858</u>	<u>3,501</u>
Other comprehensive income					
Item that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		<u>(14)</u>	<u>45</u>	<u>(1,054)</u>	<u>304</u>
Total comprehensive income for the period attributable to owners of the Company		<u>451</u>	<u>949</u>	<u>7,804</u>	<u>3,805</u>
Earnings per share attributable to owners of the Company					
— Basic and diluted (RMB cents)		<u>0.12</u>	<u>0.30</u>	<u>2.21</u>	<u>1.17</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Other reserve RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2017 (audited)	3,580	46,162	5,345	580	35,972	(3,730)	26,660	114,569
Profit for the period	—	—	—	—	—	—	8,858	8,858
Exchange differences on translating foreign operations	—	—	—	—	—	(1,054)	—	(1,054)
Total comprehensive income for the period	—	—	—	—	—	(1,054)	8,858	7,804
Transfer to statutory reserve	—	—	1,401	—	—	—	(1,401)	—
At 30 September 2017 (unaudited)	<u>3,580</u>	<u>46,162</u>	<u>6,746</u>	<u>580</u>	<u>35,972</u>	<u>(4,784)</u>	<u>34,117</u>	<u>122,373</u>
At 1 January 2016 (audited)	—	—	3,448	580	27,833	(1,360)	22,671	53,172
Profit for the period	—	—	—	—	—	—	3,501	3,501
Exchange differences on translating foreign operations	—	—	—	—	—	304	—	304
Total comprehensive income for the period	—	—	—	—	—	304	3,501	3,805
Transfer to statutory reserve	—	—	943	—	—	—	(943)	—
Shareholder contribution (<i>Note</i>)	—	—	—	—	5,026	—	—	5,026
At 30 September 2016 (unaudited)	<u>—</u>	<u>—</u>	<u>4,391</u>	<u>580</u>	<u>32,859</u>	<u>(1,056)</u>	<u>25,229</u>	<u>62,003</u>

Note: For the nine months ended 30 September 2016, the Group obtained shareholder's loan of RMB5,026,000 from Mr. Chiu Kwai San. Such amount has been effectively waived by Mr. Chiu Kwai San before the period ended 30 September 2016 and recognised as shareholder contribution in the capital reserve of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

1. GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

HongGuang Lighting Holdings Company Limited (the “**Company**”) was incorporated with limited liability in the Cayman Islands on 27 May 2015. Its shares are listed on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 30 December 2016 with stock code “8343”.

The address of the Company’s registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company and its subsidiaries (collectively referred to as the “**Group**”) is located in the People’s Republic of China (the “**PRC**”) at the North Side, 2nd Floor, No. 8 Pinggong Er Road, Nanping Technology Industrial Park, Zhuhai, the PRC.

The Company’s principal activity is investment holding. The Group is principally engaged in the design, development, manufacture and sales of light-emitting diode (“**LED**”) beads and LED lighting products in the PRC.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the nine months ended 30 September 2017 are consistent with those adopted in the preparation of accountants’ report included in the Prospectus except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the “**New and Revised HKFRSs**”) (which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.

The adoption of the New and Revised HKFRSs has had no significant effect on the unaudited condensed consolidated financial statements for the nine months ended 30 September 2017 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the nine months ended 30 September 2017.

The Group has not applied any new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group’s results of operations and financial position.

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2017 have been prepared on the historical cost basis. The unaudited condensed consolidated financial statements for the nine months ended 30 September 2017 are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

The condensed consolidated financial statements have not been audited by the Company’s auditors, but have been reviewed by the audit committee of the Company.

2. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, less discounts, returns, value added tax and other applicable local taxes during the reporting period.

An analysis of the Group's revenue, other income and gains is as follows:

	Nine months ended 30 September	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue		
Sales of LED beads	76,279	88,483
Sales of LED lighting products	<u>792</u>	<u>2,473</u>
	<u>77,071</u>	<u>90,956</u>
Other income and gains		
Bank interest income	10	—
Government grants	1,891	74
Others	<u>84</u>	<u>690</u>
	<u>1,985</u>	<u>764</u>

3. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The subsidiary incorporated in Hong Kong is subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the nine months ended 30 September 2017 and 2016.

Provision for the enterprise income tax (the "EIT") in the PRC is calculated based on a statutory tax rate of 25% on the estimated assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the relevant income tax law in the PRC.

In 2017, the Group's wholly-owned subsidiary, Zhuhai HongGuang Lighting Fixture Company Limited* ("Zhuhai HongGuang") (珠海宏光照明器材有限公司) was awarded a 'New and High Technology Enterprise Certificate' (高新技術企業證書). As a result, Zhuhai HongGuang is entitled to a tax preference with a reduction of the EIT rate from 25% to 15% for the period upon being recognised as an enterprise of new and high technology.

4. DIVIDEND

No dividend has been paid or declared by the Company since the date of its incorporation, or by any of the companies now comprising the Group during the reporting period.

5. EARNINGS PER SHARE

The basic earnings per share for the period is calculated based on the profit attributable to owners of the Company of RMB8,858,000 (2016: RMB3,501,000), and the weighted average number of ordinary shares of 400,000,000 issued during the nine months ended 30 September 2017 (2016: 300,000,000 deemed to have been issued throughout the nine months ended 30 September 2016).

The Company did not have any potential dilutive shares for the nine months ended 30 September 2017 and 2016. Accordingly, the diluted earnings per share are the same as the basic earnings per share.

6. RELATED PARTY TRANSACTIONS

During the nine months ended 30 September 2017, the Group entered into certain transactions with “related parties” as defined under the applicable accounting standards and the details of the material related party transactions (the “Transactions”) are disclosed as follows:

Name of related party	Nature of transactions	Nine months ended 30 September	
		2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
珠海經濟區利佳電子發展有限公司	Utility expense	1,085	1,262
珠海經濟區利佳電子發展有限公司	Rental expense	<u>292</u>	<u>292</u>
		<u>1,377</u>	<u>1,554</u>

Note: The related party is beneficially owned by the shareholders of the Company, Mr. Lin Qi Jian and Mr. Zhao Yi Wen, who are also Directors of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Activities

The Group is principally engaged in the design, development, manufacturing and sales of LED beads and LED lighting products in the PRC. Since the listing of the Company's securities on the GEM of the Stock Exchange on 30 December 2016 (the "**Listing**"), there has been no significant change in the business operations of the Group. During the Period, the Group generally recognised revenue from the sales of LED beads and LED lighting products upon delivery of our products to our customers with their acceptance of our products.

Business Review

In 2017, the Group's wholly-owned subsidiary, Zhuhai HongGuang Lighting Fixture Company Limited* ("**Zhuhai HongGuang**") (珠海宏光照明器材有限公司) obtained a "New and High Technology Enterprise Certificate" (高新技術企業證書) jointly issued by the Guangdong Provincial Department of Science and Technology* (廣東省科學技術廳), the Department of Finance of Guangdong Province* (廣東省財政廳), the Guangdong Provincial Office of the State Administration of Taxation* (廣東省國家稅務局) and the Guangdong Local Taxation Bureau* (廣東省地方稅務局). Upon being recognised as an enterprise of new and high technology, Zhuhai HongGuang is entitled to a preferential enterprise income tax rate of 15% for the three consecutive years commencing from 2016.

The Group's revenue decreased from approximately RMB91.0 million for the nine months ended 30 September 2016 to approximately RMB77.1 million for the nine months ended 30 September 2017, primarily due to a number of our downstream customers continued to experience sales downturn in the third quarter of 2017 and reduced their purchases from the Group. In addition, business operations at Zhuhai HongGuang was temporarily disrupted in late August 2017 as super typhoon Hato swept through southern China and made landfall over Zhuhai city, where Zhuhai HongGuang's production plant is located. The operation at Zhuhai HongGuang has fully resumed since September 2017.

Profit for the Period amounted to approximately RMB8.9 million (approximately RMB3.5 million for the nine months ended 30 September 2016), which represents an increase of approximately RMB5.4 million or approximately 154.3% as compared to the corresponding period in 2016. Such increase is mainly due to (i) the recognition as other income and gains of non-recurrent government grants of approximately RMB1.9 million granted to Zhuhai HongGuang. Consequently, the amount of other income and gains for the Period increased from approximately RMB0.8 million in the Previous Period to approximately RMB2.0 million; (ii) Zhuhai HongGuang is entitled to a reduction in the rate of enterprise income tax from 25% to 15%; and (iii) the recognition of a non-recurring income tax credit of approximately RMB2.6 million which resulted in a reduction of enterprise income tax payable.

Financial Review

Revenue

For the nine months ended 30 September 2017, total revenue was approximately RMB77.1 million, representing a decrease of approximately 15.3% as compared with the Previous Period (2016: RMB91.0 million). The decline was mainly attributable to the decrease in revenue from the sales of both LED beads and LED lighting products.

The following table sets forth the breakdown of our Group's revenue by segment:

	Nine months ended 30 September			
	2017		2016	
	RMB'000	%	RMB'000	%
LED beads	76,279	99.0	88,483	97.3
LED lighting products	<u>792</u>	<u>1.0</u>	<u>2,473</u>	<u>2.7</u>
Total	<u>77,071</u>	<u>100.0</u>	<u>90,956</u>	<u>100.0</u>

For the nine months ended 30 September 2017, revenue from LED beads amounted to approximately RMB76.3 million (2016: approximately RMB88.5 million), accounting for 99.0% of our total revenue (2016: 97.3%). The decrease in revenue was mainly due to a decrease in sales volume during the Period.

Revenue from LED lighting products during the Period amounted to approximately RMB0.8 million (2016: approximately RMB2.5 million), representing 1.0% of our total revenue (2016: 2.7%).

Cost of Sales

Cost of sales of the Group primarily consisted of cost of material used, direct labour and production overheads. It decreased by approximately 15.2% from approximately RMB72.9 million for the nine months ended 30 September 2016 to approximately RMB61.8 million for the nine months ended 30 September 2017, reflecting a decrease in the sales volume of our LED beads and LED lighting products, which mainly led to the decrease in the cost of material used.

Gross Profit and Gross Profit Margin

The gross profit decreased from RMB18.0 million for the nine months ended 30 September 2016 to RMB15.2 million for the nine months ended 30 September 2017. The gross profit margin remained the same at 19.8% for the nine months ended 30 September 2017 and 30 September 2016. The following table sets forth a breakdown of our gross profit and gross profit margin by segment for the periods indicated:

	Nine months ended 30 September 2017		Nine months ended 30 September 2016	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
LED beads	14,817	19.4	16,354	18.5
LED lighting products	429	54.2	1,658	67.0
Total gross profit/gross profit margin	<u>15,246</u>	<u>19.8</u>	<u>18,012</u>	<u>19.8</u>

The gross profit margin of LED beads remained relatively stable during the nine months ended 30 September 2016 and 30 September 2017. The gross profit margin of LED lighting products experienced a decline from 67.0% for the nine months ended 30 September 2016, to 54.2% for the nine months ended 30 September 2017. Such decrease was mainly due to the increase in sales of lower profit margin LED lighting product type during the Period, as compared to the Previous Period.

Other Income and Gains

Other income and gains of the Group increased by 150.0% from RMB0.8 million for the nine months ended 30 September 2016 to RMB2.0 million for the nine months ended 30 September 2017, which was mainly attributable to the receipt of non-recurring government grants of approximately RMB1.9 million, by the Group's wholly-owned subsidiary, Zhuhai HongGuang, which was being recognised as a "New and High Technology Enterprise" (高新技術企業).

Selling and Distribution Expenses

The selling and distribution expenses increased by 12.5% from RMB0.8 million for the nine months ended 30 September 2016 to RMB0.9 million for nine months ended 30 September 2017. The increase in selling and distribution expenses was mainly attributable to the increase in staff costs, traveling expenses and entertainment expenses.

Administrative Expenses

The Group's administrative expenses decreased by 22.4% from RMB10.7 million for the nine months ended 30 September 2016 to RMB8.3 million for the nine months ended 30 September 2017. The administrative expenses mainly included administrative staff costs, research and development costs and professional services expenses. The decrease in administrative expenses was mainly due to the absence of listing expenses for the nine months ended 30 September 2017.

Finance Costs

The Group's finance costs decreased by 80.0% from RMB0.5 million for the nine months ended 30 September 2016 to RMB0.1 million for the nine months ended 30 September 2017. Such decrease was mainly a result of the full repayment of the Group's bank borrowings during the Period.

Income Tax Credit/Expense

Income tax credit of the Group for the Period was approximately RMB1.0 million (2016: Income tax expense of approximately RMB3.3 million). The decrease in income tax expense was primarily attributable to (i) the Group's wholly-owned subsidiary, Zhuhai HongGuang's entitlement to a tax preference with a reduction of enterprise income tax rate from 25% to 15% upon being recognised as an enterprise of new and high technology during the Period; and (ii) a non-recurring income tax credit of approximately RMB2.6 million recognised during the Period, in relation to the enterprise income tax reduction amount for the year 2016.

Profit for the Period

The profit for the Period increased by approximately RMB5.4 million or approximately 154.3% from approximately RMB3.5 million for the nine months ended 30 September 2016 to approximately RMB8.9 million for the nine months ended 30 September 2017. Despite a decrease in revenue and gross profit for the nine months ended 30 September 2017, the increase in profit for the Period was mainly attributable to (i) the recognition as other income and gains of non-recurrent government grants of approximately RMB1.9 million granted to Zhuhai HongGuang. Consequently, the amount of other income and gains for the Period increased from approximately RMB0.8 million in the Previous Period to approximately RMB2.0 million; (ii) Zhuhai HongGuang is entitled to a reduction in the rate of enterprise income tax from 25% to 15%; and (iii) the recognition of a non-recurring income tax credit of approximately RMB2.6 million which results in a reduction of enterprise income tax payable.

Net Profit Margin

The net profit margin was 11.5% for the nine months ended 30 September 2017, as compared to that of 3.9% for the nine months ended 30 September 2016. The increase was mainly due to the increase in other income and gains and decrease in income tax expense.

Dividend

The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2017 (2016: nil), in order to cope with the future business development of the Group.

Use of Proceeds

Based on the placing price of HK\$0.63 per share, the net proceeds from the listing on 30 December 2016, after deducting the underwriting commission and other estimated expenses, amounted to approximately HK\$37.4 million. The Group intended to apply the net proceeds in accordance with the purposes set out in the section headed “Future Plans and Use of Proceeds” in the Company’s prospectus dated 16 December 2016. As at the reporting date, the Group’s planned application and actual utilisation of the net proceeds is set out below:

Use of proceeds	Net proceeds <i>HK\$ million</i>	Utilised <i>HK\$ million</i>	Unutilised <i>HK\$ million</i>
Expansion of the Group’s production capacity	21.7	6.8	14.9
Developing the Group’s sales channels	0.8	0.1	0.7
Repayment of bank loans	11.4	11.4	—
General working capital of the Group	<u>3.5</u>	<u>3.5</u>	<u>—</u>
	<u>37.4</u>	<u>21.8</u>	<u>15.6</u>

Disclosure of Interests

Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures of the group and its associated corporations

As at 30 September 2017, the interests and short positions of the Directors and chief executive of the Company in the shares (the “**Shares**”), underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in the ordinary shares of the Company

Name	Capacity/Nature of interest	Number of issued ordinary shares	Percentage of the issued share capital of the Company
Mr. Zhao Yi Wen ^(Note 2, 5)	Interest in a controlled corporation; interest held jointly with another person	300,000,000 (L)	75.00%
Mr. Lin Qi Jian ^(Note 3, 5)	Interest in a controlled corporation; interest held jointly with another person	300,000,000 (L)	75.00%
Mr. Chiu Kwai San ^(Note 4, 5)	Interest in a controlled corporation; interest held jointly with another person	300,000,000 (L)	75.00%

Notes:

1. The letter “L” denotes a long position.
2. The aggregate 300,000,000 Shares in which Mr. Zhao Yi Wen is interested consist of (i) 100,500,000 Shares held by First Global Limited, a company wholly owned by Mr. Zhao Yi Wen, in which Mr. Zhao Yi Wen is deemed to be interested under the SFO; and (ii) 199,500,000 Shares in which Mr. Zhao Yi Wen is deemed to be interested as a result of being a party acting-in-concert with Mr. Lin Qi Jian and Mr. Chiu Kwai San.
3. The aggregate 300,000,000 Shares in which Mr. Lin Qi Jian is interested consist of (i) 100,500,000 Shares held by Star Eagle Enterprises Limited, a company wholly owned by Mr. Lin Qi Jian, in which Mr. Lin Qi Jian is deemed to be interested under the SFO; and (ii) 199,500,000 Shares in which Mr. Lin Qi Jian is deemed to be interested as a result of being a party acting-in-concert with Mr. Zhao Yi Wen and Mr. Chiu Kwai San.

4. The aggregate 300,000,000 Shares in which Mr. Chiu Kwai San is interested consist of (i) 99,000,000 Shares held by Bigfair Enterprises Limited, a company wholly owned by Mr. Chiu Kwai San, in which Mr. Chiu Kwai San is deemed to be interested under the SFO; and (ii) 201,000,000 Shares in which Mr. Chiu Kwai San is deemed to be interested as a result of being a party acting-in-concert with Mr. Zhao Yi Wen and Mr. Lin Qi Jian.
5. On 8 June 2016, Mr. Lin Qi Jian, Mr. Zhao Yi Wen and Mr. Chiu Kwai San entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert with each of the members of our Group. Details of the Concert Parties Confirmatory Deed are set out in the section headed “History, Reorganisation and Corporate Structure — Parties acting in concert” of the prospectus of the Company dated 16 December 2016.

Save as disclosed above, as at 30 September 2017, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

The interests of substantial shareholders and the interests and short position of other persons in the shares and underlying shares

As at 30 September 2017, so far as the Directors are aware, the interests or short positions owned by the following persons (other than the Directors or Chief Executive of the Company) in the shares or underlying shares of the Company which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or which are required to be recorded in the register of the Company required to be kept under section 336 of the SFO are as follows:

Name	Capacity/Nature of interest	Number of issued ordinary shares	Percentage of the issued share capital of the Company
First Global Limited ^(Note 2, 5)	Beneficial owner; interest held jointly with another person	300,000,000 (L)	75.00%
Star Eagle Enterprises Limited ^(Note 3, 5)	Beneficial owner; interest held jointly with another person	300,000,000 (L)	75.00%
Bigfair Enterprises Limited ^(Note 4, 5)	Beneficial owner; interest held jointly with another person	300,000,000 (L)	75.00%

Notes:

1. The letter “L” denotes a long position.
2. The aggregate 300,000,000 Shares in which Mr. Zhao Yi Wen is interested consist of (i) 100,500,000 Shares held by First Global Limited, a company wholly owned by Mr. Zhao Yi Wen, in which Mr. Zhao Yi Wen is deemed to be interested under the SFO; and (ii) 199,500,000 Shares in which Mr. Zhao Yi Wen is deemed to be interested as a result of being a party acting-in-concert with Mr. Lin Qi Jian and Mr. Chiu Kwai San.
3. The aggregate 300,000,000 Shares in which Mr. Lin Qi Jian is interested consist of (i) 100,500,000 Shares held by Star Eagle Enterprises Limited, a company wholly owned by Mr. Lin Qi Jian, in which Mr. Lin Qi Jian is deemed to be interested under the SFO; and (ii) 199,500,000 Shares in which Mr. Lin Qi Jian is deemed to be interested as a result of being a party acting-in-concert with Mr. Zhao Yi Wen and Mr. Chiu Kwai San.
4. The aggregate 300,000,000 Shares in which Mr. Chiu Kwai San is interested consist of (i) 99,000,000 Shares held by Bigfair Enterprises Limited, a company wholly owned by Mr. Chiu Kwai San, in which Mr. Chiu Kwai San is deemed to be interested under the SFO; and (ii) 201,000,000 Shares in which Mr. Chiu Kwai San is deemed to be interested as a result of being a party acting-in-concert with Mr. Zhao Yi Wen and Mr. Lin Qi Jian.
5. On 8 June 2016, Mr. Lin Qi Jian, Mr. Zhao Yi Wen and Mr. Chiu Kwai San entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert with each of the members of our Group. Details of the Concert Parties Confirmatory Deed are set out in the section headed “History, Reorganisation and Corporate Structure — Parties acting in concert” of the prospectus of the Company dated 16 December 2016.

Save as disclosed above, as at 30 September 2017, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or Chief Executive of the Company) in the shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

Share Option Scheme

The share option scheme was adopted by the shareholders of the Company and was effective on 2 December 2016 (the “**Share Option Scheme**”). Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. As at 30 September 2017, no share option was outstanding under the Share Option Scheme. No share option has been granted by the Company under the Share Option Scheme since its adoption.

Exempted Continuing Connected Transaction

During the nine months ended 30 September 2017, the Group entered into certain transactions with “related parties” as defined under the applicable accounting standards and the details of the material related party transactions (the “Transactions”) are disclosed in note 6 to the condensed consolidated financial statements of this announcement.

The Transactions falls under the definition of “connected transactions” or “continuing connected transactions” under Chapter 20 of the GEM Listing Rules, but are fully exempted from shareholders’ approval, annual review and all disclosure requirements under Chapter 20 of the GEM Listing Rules.

Significant Investments

As at 30 September 2017, there was no significant investment held by the Group.

Material Acquisitions and Disposals

The Group did not carry out any material acquisition nor disposal of any subsidiary during the Period.

Operating Lease Commitments

The Group leased one property in the PRC from a related party as use for office and factory during the nine months ended 30 September 2017. As at 30 September 2017, the Group’s operating lease commitments amounted to approximately RMB2.9 million (31 December 2016: approximately RMB3.2 million).

Capital Commitments

As at 30 September 2017, the Group did not have any capital commitments for the acquisition of property, plant and equipment (31 December 2016: RMB0.8 million).

Contingent Liabilities

As at 30 September 2017, the Group did not have any significant contingent liabilities.

Foreign Exchange Exposure

The Group’s main operations are in the PRC with most of its transactions settled in RMB. The Directors are of the opinion that the Group’s exposure to foreign exchange risk is insignificant. During the nine months ended 30 September 2017, the Group did not hedge any exposure to foreign exchange risk.

Purchase, Sale or Redemption of the Company’s Listed Securities

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

Corporate Governance and Compliance with the Corporate Governance Code

The Company adopted the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. Save for the provision A.2.1 of the CG Code, that the roles of the chairman and chief executive of the Company should be separate and should not be performed by the same individual, the Board is satisfied that the Company had complied with the CG Code during the nine months ended 30 September 2017.

Mr. Zhao Yi Wen (“**Mr. Zhao**”) is the chairman and the chief executive of the Company. In view of Mr. Zhao being one of the founders of the Group and has been operating and managing Zhuhai HongGuang, the operating subsidiary of the Company since 2010, the Board believes that it is in the best interest of the Group to have Mr. Zhao taking up both roles for effective management and business development.

Interests of the Compliance Adviser and its Directors, Employees and Associates

As notified by the Company’s compliance adviser, Lego Corporate Finance Limited (the “**Compliance Adviser**”), except for (i) Lego Corporate Finance Limited was the Company’s sponsor in relation to the Listing; and (ii) the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 27 May 2016, which commencing on 30 December 2016, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company as at 30 September 2017 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the “**Audit Committee**”) has discussed and reviewed with management, the unaudited condensed consolidated financial statements of the Group for the Period, which was of the opinion that such statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Chan Chung Kik Lewis, Dr. Wu Wing Kuen, B.B.S. and Professor Chow Wai Shing, Tommy. Mr. Chan Chung Kik, Lewis is the chairman of the Audit Committee who has appropriate professional qualifications and experience as required by the GEM Listing Rules.

By order of the Board
HongGuang Lighting Holdings Company Limited
Zhao Yi Wen
Chairman and Executive Director

Hong Kong, 6 November 2017

As at the date of this announcement, the Executive Directors are Mr. Zhao Yi Wen, Mr. Lin Qi Jian and Mr. Chan Wing Kin; the Non-executive Director is Mr. Chiu Kwai San; and the Independent Non-executive Directors are Professor Chow Wai Shing, Tommy, Dr. Wu Wing Kuen, B.B.S. and Mr. Chan Chung Kik, Lewis.

This announcement will remain on the Stock Exchange’s website at www.hkexnews.hk and on the “Latest Company Announcements” page for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at www.lighting-hg.com.

* For identification purpose only